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DEPARTMENT OF COMMERCE

International Trade Administration

C-533-872

Finished Carbon Steel Flanges from India: Preliminary Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of finished carbon steel flanges (steel flanges) from India. The period of investigation (POI) is April 1, 2015, through March 31, 2016. Interested parties are invited to comment on this preliminary determination.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*.]

FOR FURTHER INFORMATION CONTACT: Emily Maloof or Davina Friedmann, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-5649 or (202) 482-0698, respectively.

SUPPLEMENTARY INFORMATION:

Background

On July 28, 2016, the Department published the notice of initiation of this investigation.<sup>1</sup> For a complete description of the events that followed the initiation of this investigation, *see* the memorandum that is dated concurrently with this determination and hereby adopted by this

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<sup>1</sup> *See* Finished Carbon Steel Flanges From India: Initiation of Countervailing Duty Investigation, 81 FR 49625 (July 28, 2016) (Initiation Notice).

notice.<sup>2</sup> A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be found at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

#### Scope of the Investigation

The product covered by this investigation is steel flanges from India. For a complete description of the scope of the investigation, *see* Appendix I.

#### Scope Comments

We received no comments from interested parties regarding the scope of the investigation as it appeared in the *Initiation Notice*.

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<sup>2</sup> See Memorandum to Paul Piquado, "Decision Memorandum for the Preliminary Affirmative Determination: Countervailing Duty Investigation of Finished Carbon Steel Flanges from India," dated November 21, 2016 (Preliminary Decision Memorandum).

## Methodology

The Department is conducting this countervailing duty (CVD) investigation in accordance with section 701 of the Tariff Act of 1930 (the Act). For each of the subsidy programs found countervailable, we preliminarily determine that there is a subsidy (*i.e.*, a financial contribution by an “authority” that gives rise to a benefit to the recipient) and that the subsidy is specific.<sup>3</sup> For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.

## Preliminary Determination and Suspension of Liquidation

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated a CVD rate for each individually-investigated producer/exporter of the subject merchandise. We preliminarily determine that countervailable subsidies are being provided with respect to the manufacture, production, or exportation of the subject merchandise. For a full description of the programs which have preliminarily determined to be countervailable, as well as those not used during the POI, *see* the Preliminary Decision Memorandum. In accordance with sections 703(d) and 705(c)(5)(A) of the Act, for companies not individually examined, we apply an “all-others” rate, which is normally calculated by weight-averaging the individual company subsidy rates of each of the companies investigated.

Under section 705(c)(5)(A)(i) of the Act, the all-others rate should exclude zero and *de minimis* rates or any rates based entirely on facts otherwise available pursuant to section 776 of the Act. Neither of the mandatory respondents’ rates in this preliminary determination were zero or *de minimis* or based entirely on facts otherwise available. Notwithstanding the language of section 705(c)(5)(A)(i) of the Act, we have not calculated the “all-others” rate by weight-

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<sup>3</sup> *See* sections 771(5)(B) and (D) of the Act regarding financial contribution; section 771(5)(E) of the Act regarding benefit; and section 771(5A) of the Act regarding specificity.

averaging the rates of the two individually investigated respondents, because doing so risks disclosure of proprietary information. Instead, we have calculated the all-others rate using a simple average of the final rates for the two mandatory company respondents.<sup>4</sup>

We preliminarily determine the countervailable subsidy rates to be:

<b>Company</b>	<b>Subsidy Rate (percent)</b>
Norma (India) Limited, USK Exports Private Limited, UMA Shanker Khandelwal & Co., and Bansidhar Chiranjilal	2.76
R.N. Gupta & Company Limited	3.66
All-Others	3.21

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of steel flanges from India that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the *Federal Register*, and to require a cash deposit for such entries of merchandise in the amounts indicated above.

#### Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted by the respondents prior to making our final determination.

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<sup>4</sup> See Preliminary Decision Memorandum at “CALCULATION OF THE ALL-OTHERS RATE” (for further explanation of the business proprietary information concerns); see also Memorandum to the File, “Countervailing Duty Investigation of Finished Carbon Steel Flanges: Preliminary Determination Margin Calculation for All-Others,” dated concurrently with this memorandum.

## U.S. International Trade Commission

In accordance with section 703(f) of the Act, we will notify the U.S. International Trade Commission (ITC) of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

## Disclosure and Public Comment

The Department intends to disclose calculations performed for this preliminary determination to the parties within five days of the date of public announcement of this determination in accordance with 19 CFR 351.224(b). Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the final verification report is issued in this proceeding, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>5</sup> A table of contents, list of authorities used, and an executive summary of issues should accompany any briefs submitted to the Department, pursuant to 19 CFR 351.309(c)(2) and (d)(2). This summary should be limited to five pages total, including footnotes.

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<sup>5</sup> See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, filed electronically using ACCESS. An electronically-filed request must be received successfully, and in its entirety, by ACCESS by 5:00 p.m. Eastern Time, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number; the number of participants; and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14<sup>th</sup> Street and Constitution Avenue, NW, Washington, DC 20230, at a date, time, and specific location to be determined. Parties will be notified of the date, time, and location of any hearing. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

November 23, 2016

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Date

## **Appendix I**

### **Scope of the Investigation**

The scope of this investigation covers finished carbon steel flanges. Finished carbon steel flanges differ from unfinished carbon steel flanges (also known as carbon steel flange forgings) in that they have undergone further processing after forging, including, but not limited to, beveling, bore threading, center or step boring, face machining, taper boring, machining ends or surfaces, drilling bolt holes, and/or deburring or shot blasting. Any one of these post-forging processes suffices to render the forging into a finished carbon steel flange for purposes of this investigation. However, mere heat treatment of a carbon steel flange forging (without any other further processing after forging) does not render the forging into a finished carbon steel flange for purposes of this investigation. While these finished carbon steel flanges are generally manufactured to specification ASME 816.5 or ASME 816.47 series A or series 8, the scope is not limited to flanges produced under those specifications. All types of finished carbon steel flanges are included in the scope regardless of pipe size (which may or may not be expressed in inches of nominal pipe size), pressure class (usually, but not necessarily, expressed in pounds of pressure, *e.g.*, 150, 300, 400, 600, 900, 1500, 2500, etc.), type of face (*e.g.*, flat face, full face, raised face, etc.), configuration (*e.g.*, weld neck, slip on, socket weld, lap joint, threaded, etc.), wall thickness (usually, but not necessarily, expressed in inches), normalization, or whether or not heat treated. These carbon steel flanges either meet or exceed the requirements of the ASTM A105, ASTM A694, ASTM A181, ASTM A350 and ASTM A707 standards (or comparable foreign specifications). The scope includes any flanges produced to the above-referenced ASTM standards as currently stated or as may be amended. The term “carbon steel” under this scope is steel in which: (a) Iron predominates, by weight, over each of the other contained elements: (b)

The carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 0.87 percent of aluminum;
- (ii) 0.0105 percent of boron;
- (iii) 10.10 percent of chromium;
- (iv) 1.55 percent of columbium;
- (v) 3.10 percent of copper;
- (vi) 0.38 percent of lead;
- (vii) 3.04 percent of manganese;
- (viii) 2.05 percent of molybdenum;
- (ix) 20.15 percent of nickel;
- (x) 1.55 percent of niobium;
- (xi) 0.20 percent of nitrogen;
- (xii) 0.21 percent of phosphorus;
- (xiii) 3.10 percent of silicon;
- (xiv) 0.21 percent of sulfur;
- (xv) 1.05 percent of titanium;
- (xvi) 4.06 percent of tungsten;
- (xvii) 0.53 percent of vanadium; or
- (xviii) 0.015 percent of zirconium.

Finished carbon steel flanges are currently classified under subheadings 7307.91.5010 and 7307.91.5050 of the Harmonized Tariff Schedule of the United States (HTSUS). They may also be entered under HTSUS subheadings 7307.91.5030 and 7307.91.5070. The HTSUS



subheadings are provided for convenience and customs purposes; the written description of the scope is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Alignment
- VI. Injury Test
- VII. Subsidies Valuation
- VIII. Loan Benchmark and Interest Rates
- IX. Use of Facts Otherwise Available
- X. Analysis of Programs
- XI. Calculation of All-Others Rate
- XII. International Trade Commission
- XIII. Disclosure and Public Comment
- XIV. Conclusion